

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Review Item:

2010-2012 Biennial Budget Process and Status of FY09 Funding Reduction

Applicable Statute or Regulation:

KRS Chapter 48; KRS Chapter 7

History/Background:

Existing Policy. KRS Chapter 48 provides statutory guidelines concerning the biennial budget process relative to the development of the operating and capital budgets. Beginning with the Six-Year Capital Improvement Plan process, through the Agency Budget Request, Executive Budget Recommendation, and Enacted Budget biennial processes, the Kentucky Department of Education, with the approval of the Kentucky Board of Education, will be continuously involved in the consideration and development of the 2010-2012 biennial budget.

The Six-Year Capital Improvement Plan process begins with the agency preparation and submission of capital improvement plan requests to the Capital Planning Advisory Board (CPAB) by April 15, 2009. The two-year agency plan changes to the six-year capital plan are considered by the CPAB in public hearings and prioritized in the State Capital Improvement Plan by November 1, 2009.

The Agency Budget Request development process begins with the issuance of branch budget development instructions by the Legislative Research Commission on July 1, 2009. Revenue and expenditure financial detail parameters are developed for application to each detail level of the organizational and program aspects of each agency.

Detailed financial parameters are applied to each organizational and programmatic level of the agency, and compiled into a document with baseline, continuance, and additional budget categories. The Agency Budget Request is statutorily submitted by November 15, 2009 to the Executive Branch and Legislative Branch, simultaneously. While each Branch reviews the budget request for conformity with the parameters, the Executive Branch, through the Office of the State Budget Director, further develops the Executive Branch Budget Recommendation for the gubernatorial introduction to the 2010 General Assembly by the 10th legislative day of the session.

The Enacted Budget is the aggregate, statutory product of several internal, deliberative processes of the General Assembly. The Legislative Research Commission, through the LRC Budget Review Office, provides support to each legislative chamber, through the

respective Appropriations and Revenue Committees. The House Report, Senate Report, and the Free Conference Committee Report represent each version of the budgetary considerations, integrating Branch Budget recommendations into budgetary policy determinations of the House of Representatives and the Senate. Upon passage by both chambers, the Enacted Budget Bill is subject to line-item veto by the Governor and subsequent General Assembly override of the vetoed budget bills by the last day of the Session, or April 15, 2010.

Policy Issue(s) and Options:

Current Budget Reductions. The first FY 2009 budget reduction of \$1,343,600 was achieved by delays in filling position vacancies. Both the monitoring of state and federal programs, along with support for local school districts, are negatively affected by this initial reduction.

The current, proposed 2% General Fund budget reduction of \$7,073,000 contains no SEEK reductions, but adversely affects administrative support and programmatic grant areas. Included is the KDE administrative operations reduction of \$984,500, which further compounds problems with personnel and operational support to the local school districts. The remainder of the reduction will be achieved through textbook program reductions of \$6,088,500. Department staff will update the Board on the status of the FY09 additional funding reduction at the meeting.

Biennial Budget Planning. The Department of Education and the Kentucky Board of Education will need to begin planning for the 2010-2012 biennial budget cycle very soon. Staff wanted to review the traditional process that has been followed with the KBE and answer any questions before the process officially begins.

Impact on Getting to Proficiency:

Sufficient funding for education programs is essential for all students to achieve academic proficiency.

Contact Person:

Gregory M. Rush, Associate Commissioner
Office of Internal Administration and Support
(502) 564-4302
Greg.Rush@education.ky.gov

Joe L. Lancaster, Jr., Director
Division of Budgets
(502) 564-4349
Joe.Lancaster@education.ky.gov

Deputy Commissioner

Interim Commissioner of Education

Date:

February 2009